

Delivering  
a Localist Future:  
A route-map for change

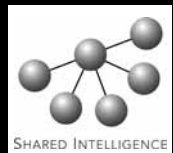
help

reflexive  
improvement  
global actions  
citizens  
welfare  
change  
relationships  
choice  
aspirations  
value experiences  
resources  
education  
model  
equality  
opportunity  
operations lead  
freedom  
motivations served  
SCOPING THE  
CHALLENGES FOR  
ISSUES  
ideas  
goals

2020

PUBLIC  
SERVICES

Prepared by:



**2020 Public Services Trust**  
*at the* RSA

# Delivering a Localist Future:

A route-map for change

# About the 2020 Public Services Trust

**The 2020 Public Services Trust** is a registered charity (no. 1124095), based at the RSA. It is not aligned with any political party and operates with independence and impartiality. The Trust exists to stimulate deeper understanding of the challenges facing public services in the medium term. Through research, inquiry and discourse, it aims to develop rigorous and practical solutions, capable of sustaining support across all political parties.

In December 2008, the Trust launched a major **Commission on 2020 Public Services**, chaired by Sir Andrew Foster, to recommend the characteristics of a new public services settlement appropriate for the future needs and aspirations of citizens, and the best practical arrangements for its implementation.

For more information on the Trust and its Commission, please visit [www.2020pst.org](http://www.2020pst.org).

To share your views on the Commission's ideas, please visit [www.your2020.org](http://www.your2020.org).

Published by the 2020 Public Services Trust, March 2010.

2020 Public Services Trust at the RSA  
8 John Adam Street  
London WC2N 6EZ

© 2020 Public Services Trust, 2010

ISBN 978-0-9565031-0-7  
ISBN 978-0-9565031-1-4

# Contents

|  |           |
|--|-----------|
| <b>Authors</b>                                   | <b>5</b>  |
| <b>Acknowledgements</b>                          | <b>6</b>  |
| <b>1 Foreword</b>                                | <b>7</b>  |
| <b>2 Introduction</b>                            | <b>10</b> |
| Localism: The case for urgency                   | 10        |
| The scale of the challenge                       | 12        |
| The solution                                     | 13        |
| Another report about localism?                   | 13        |
| <b>3 Shaping the route-map</b>                   | <b>15</b> |
| Key lines of enquiry                             | 15        |
| Why now?   | 17        |
| What now?  | 18        |
| Which levers?                                    | 19        |
| What are the main barriers?                      | 20        |
| <b>4 What is a localist future?</b>              | <b>21</b> |
| Defining localism                                | 21        |
| What would an ideal localist future look like?   | 22        |
| <b>5 What is the case for a localist future?</b> | <b>23</b> |
| The need for change                              | 23        |
| The case for localism                            | 24        |
| Limits of localism                               | 26        |
| Localism in practice                             | 27        |

|          |   |           |
|----------|---|-----------|
| <b>6</b> | <b>What are the barriers to localism?</b> | <b>34</b> |
|          | Barriers to localism                      | 35        |
| <b>7</b> | <b>A route-map for change</b>             | <b>38</b> |
|          | The key elements                          | 40        |
|          | The level for negotiations                | 41        |
|          | The ‘more for less’ single place budget   | 44        |
|          | Strengthened accountability               | 46        |
|          | Agreed outcomes and new powers            | 49        |
|          | An enabling central government            | 51        |
|          | Scrutiny and regulation                   | 53        |
|          | Leading and letting go locally            | 53        |
|          | Efficiency in local delivery              | 57        |
|          | A first step and timetable                | 59        |
| <b>8</b> | <b>Advisors and interviewees</b>          | <b>61</b> |

# Authors

This report was prepared by Sue Charteris, Katy Donnelly, Phil Swann and John Houghton of **Shared Intelligence** (Si). Si is an independent public policy consultancy that works with government, local authorities, regeneration bodies and others on leadership, strategy, delivery and evaluation.

**Sue Charteris** is a Founder Director of Si. She is a highly experienced public policy consultant specialising in local government and public service reform. Building on her previous experience as Chief Executive of Merton and Executive Director of Kirklees local authorities, she was founder member of the Local Government Modernisation Team at the then DTLR (now DCLG) and Associate Fellow of the Local Government Centre at Warwick Business School.

**Phil Swann** is a Programme Director at Si. Prior to joining Si Phil was Director of the Tavistock Institute. Before that he worked for the Local Government Association where he held several senior management posts including Head of Environment and Development and Director of Strategy and Communications.

**Katy Donnelly** is a Programme Director at Si. Katy's main areas of work are with local government, supporting the development of LSPs, the delivery of Local Area Agreements and the development of local partnership working with a focus on delivering better outcomes for local communities. Katy has been an elected member and cabinet member for a London borough.

**John Houghton** is a Principal Consultant at Si, and a writer and advisor on cities, housing and regeneration. Prior to joining Si, John worked on neighbourhood renewal and community empowerment policy in central government. John has also been a Research Associate at the Centre for the Analysis of Social Exclusion and a Fulbright-Humphrey scholar, and co-authored the book *Jigsaw Cities*.

# Acknowledgements

This project has been made possible by the generous support of Mouchel. The 2020 Public Services Trust is grateful for its support and insight.

We would also like to thank Birmingham City Council and Manchester City Council for their practical support for this project.

Anna Randle undertook crucial research in the project's first phase. We thank her for her contribution.

# 1

## Foreword

In *Beyond Beveridge* – the interim report of the Commission on 2020 Public Services – we argue that one of the big three shifts we need to see in order to achieve a new deal on public services, is from the centre to citizens and localities. It is as local citizens that we use and experience public services and so most services should be shaped, designed, managed and held to account at local level.

We live in one of the most centralised administrative and political systems in the developed world. But big cracks have begun to open up in the system. Scottish, Welsh, Northern Irish and London devolution have been accepted as permanent changes, leaving the governance of the rest of England as a glaring anomaly. Meanwhile, public services face fiscal, cost and demand challenges which call into question the sustainability of the current settlement. And it is in localities where both the effects of spending cuts will be felt most and many of the opportunities to refashion services around citizens and communities are at their greatest.

In the past few decades, localism has been frequently debated, often promised and never fully delivered. So in this report we assess what are the practical barriers which stand in the way of achieving localism and how could these be overcome. That is why we have called this report a route-map to localism. It sets out the practical steps which could be taken to rebalance power away from the centre and the principles and propositions on which these would be based.

The project has been developed with the support and involvement of Mouchel, Birmingham and Manchester City Councils and an expert advisory board. But the views expressed and recommendations made in the report are those of the Trust and our research partner. We commissioned Shared Intelligence to research and prepare the report. They interviewed a wide range of key figures in central and local

government, as well as assessing the experience of Birmingham, Manchester and some other localities, in order to develop a practical plan for localism in England.

The key elements of this are:

- **It's the deficit stupid** – the single biggest imperative driving domestic policy for whichever party wins the election will be reducing the deficit, so any argument and plan for localism has to relate to this.
- **Variable geometry** – there is a varying degree of capacity, capability and confidence within local government to take on new powers and there is a limit to the capacity of the centre to negotiate new settlements simultaneously across multiple areas. The best shouldn't have to wait for the rest. So the next big step in localism should be negotiated autonomy with those large cities and counties which are already operating as de facto sub regions, such as Manchester, Birmingham, Kent, Essex and Leeds.
- **'More for less budgets'** – the basis of the negotiated autonomy deal will be 'more for less' single place budgets in which a place will agree a single budget with the Treasury which amounts to a fixed percentage less than is currently being spent on services in this area. The locality will have to negotiate with the Treasury the outcomes it wants to achieve for this expenditure and the city or county will receive new powers as well as the ability to reinvest savings achieved either through invest to save strategies or efficiency programmes.
- **A focus on acute challenges/behavioural changes** – the devolution of powers and funding within single place budgets should be designed to allow the development of integrated local approaches to worklessness, youth offending and preventative health care and wellbeing. This may lead to a separation between transactional elements of services where economies of scale would suggest national on-line provision and relational services such as those relating to targeting the long term unemployed where local autonomy over budgets and welfare is required.
- **Clear accountability** – in return for devolution of powers and budgets on this scale there would need to be clear and visible structures for local accountability. Successful localism depends on the buck stopping with a locally accountable figure rather than with Ministers in Westminster. This offers a way through the impasse on elected mayors for city councils. The accountability which would be required for a single place budget is more like that embodied by the Mayor of London. Such a model would not require existing councils to have a Mayor but

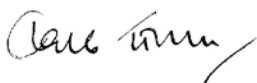
rather would require the city or county to propose a Mayor, Sheriff, Governor or Commissioner to provide accountability for the management of the single place budget. This figure would be scrutinised by the existing partnership and Council arrangements in a locality.

- **An enabling, smaller centre** – to make this happen the centre will need to change, with fewer Ministers, departments and delivery functions. A new unit, replacing the Prime Minister’s Delivery Unit should be established in the Treasury to negotiate single place budgets and co-ordinate the drive for localism across central government. In the next spending review each spending department would be expected to devolve delivery functions to the locality, except where a strong case can be made for preserving central functions. The regional tier of government, including Regional Development Agencies (RDAs) and Government Offices for the Regions, would in most cases have their functions and budgets devolved to the large cities and counties and this would also ensure that there is a net reduction in the levels of bureaucracy and expenditure on government outside Westminster.
- **Power to citizens and communities** – the purpose of this devolution should not be to empower and entrench the local state but rather to empower citizens and communities. Power should therefore flow from citizens upwards, with an extension of individual budgets, neighbourhood and community mutuals and commissioning, a plurality of service providers, including voluntary sector providers. Local government would operate as a joint commissioner of strategic services such as transport, planning and economic development and of targeted approaches designed to tackle acute challenges such as worklessness.

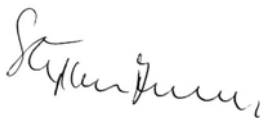
We hope that this report provides practical help and guidance to politicians, policy makers and public service deliverers who are struggling with the challenge of how to rebalance power away from the centre and towards citizens, communities and local places.



**Ben Lucas**  
Director  
2020 Public Services Trust  
2020 Commissioner



**Dame Clare Tickell**  
Chief Executive  
Action for Children  
2020 Commissioner



**Rt Hon Stephen Dorrell MP**  
Former Health Secretary  
2020 Commissioner

# 2

## Introduction

“[We propose]...giving local communities the power to drive real improvements in everything, from the way their neighbourhoods are policed to the way that community assets are used. I believe it will help to build the vibrant local democracies on which our society and our public services depend.”

**Gordon Brown**

“We must not let ourselves believe that a bit of technocratic tinkering here, a bit of constitutional consultation there, will do the trick. No, this political crisis shows that big change is required. We do need a new politics in this country. We do need sweeping reforms...We should start by pushing power down as far as possible, wherever possible.”

**David Cameron**

“We need to take control away from central government, where bureaucrats and ministers are in charge, and give it to local government, people and communities”

**Nick Clegg**

### Localism: The case for urgency

Localism has been endlessly debated and regularly promised. Academic theses, think tank publications, party manifestos and government white papers have probed and pledged greater devolution, increased freedoms for local bodies and a flowering of local democracy and engagement.

Yet expectations have not been fully met. There have been localist initiatives; local authorities have innovated and shown leadership; public services have consistently

improved. And there have been some important and valuable steps forward, including Local Strategic Partnerships (LSPs), Local Public Service Agreements (LPSAs), Local Area Agreements (LAAs) and, more recently, statutory city regions, governance reforms in many county councils and the innovation around Total Place.

The need to re-invent public services, in the context of severe public spending cuts, injects a new sense of urgency into this debate. The Institute for Fiscal Studies<sup>1</sup> has estimated that cuts of 10.9% will be required over the four years from 2011-12 to 2014-15. If, as the current government has pledged, expenditure on health, schools and overseas aid is protected, the IFS estimates that the other areas would face cuts of 12.9% over the two years 2011-12 to 2012-13.

We face a choice as to how we respond to this crisis. Cuts could be imposed from the centre, through a conventional department-oriented spending review process. This would reinforce the centralising tendencies of Whitehall and would encourage local bodies to approach the challenge on a silo basis undermining the recent development of partnership working at a local level.

There is an alternative, which would be to entrust localities with the task of adjusting to significantly reduced public expenditure in ways which meet their particular local needs and circumstances. This has the potential to ensure that the challenge of coping with what the IFS describes as the tightest expenditure position since 1976-80 is used to transform public services to deliver better results for less money.

This report makes the case for the second of these approaches. It seeks to put the case for localism at the heart of the debate about how to cope with significantly less public expenditure. And it sets out a route-map for change nationally and locally in order to achieve a localist approach.

The focus throughout is on supporting ways to strengthen local democracy and encourage innovation, while delivering greater efficiency and reducing bureaucracy and monitoring.

A localist future has the potential to restore legitimacy and confidence to democracy in Britain and re-shape public services to meet the challenges we face.

A localist future requires a fundamental change in the relationship between central and local government, empowering local authorities and their partners

1 Institute for Fiscal Studies (February 2010) 'Green Budget'.

to set priorities, take decisions and deliver services in a way that meets the needs and expectations of local people, and is more clearly accountable to them.

And it requires an equally profound shift in the relationship between local government and local people, changing the way local democracy works so that priorities and decisions flow up from people, and individuals and communities are empowered to shape the places in which they live.

A localist future is about creating space for innovation and improvement. Power in a democracy is not a zero sum game: central government is not diminished by strengthened local government, and local government is not weakened by active communities and local groups.

A localist future promises not simply to move power from one part of our system at the expense of another, but to boost our collective capacity to take and make decisions by tapping into the creative potential of people, communities and enterprise.

## The scale of the challenge

“There is an indication amongst public servants that the system does not work, and increasingly departments such as the DWP and Home Office recognise that local government has a key role to play.”<sup>2</sup>

The scale of the challenge we face is immense and demands radical action. The IFS has noted that we face the first consecutive five years of real cuts in expenditure since current records began in 1948. Public confidence in government, Parliament and politics is at a low ebb. And Whitehall’s default option is to control the risk of delivery failure by imposing detailed targets and monitoring regimes which often work against innovation.

This is all happening at a time when the political process needs public support and legitimacy to deal with major social, economic and environmental issues. Government, national and local, faces the challenges of an ageing population, massive health inequalities and an education system which fails to overcome social and economic background.

2 Unless otherwise specified, all indented quotations are from interviewees spoken to as part of this research.

There is a risk that local councils and their partners adopt a dependency mentality, requesting guidance from government and seeking a power of general competence rather than exploiting their current powers to the full and seizing the opportunity with local partners to improve their locality.

## The solution

“Many things may be possible – there’s everything to play for”.

The way to address these problems is through a localist future: a clearly planned and long-term programme to empower people, communities and their local representatives. There are, of course, limits to a localist future. It is not a panacea, or a uniform prescription. But without a long-term commitment to localism, we cannot begin to address the problems inherent in our current system of decision-making and delivery.

This report sets out a route-map for delivering a localist future. The core of the route-map is a new negotiation framework between central government and localities. The results of the negotiations would be:

- An agreed set of outcomes for each place;
- Devolved responsibility for managing a single place budget to deliver those outcomes;
- New powers to support the delivery of those outcomes; and
- Strengthened lines of local accountability commensurate with the new budgetary responsibility and powers.

## Another report about localism?

“Don’t design a programme – design a movement”.

This report sets out a detailed and robust route-map for delivering a localist future over the next parliament – a generational shift, but one which must start now.

This report draws on detailed interviews with leading thinkers and practitioners. The purpose of these conversations was to gain a clear insight into the practical considerations surrounding the issues in this report: the fiscal and political barriers; the cultures and attitudes that have frustrated previous attempts at localism; and

the social and economic imperatives which create the space for localism. The propositions in the route-map are therefore robust and deliverable.

The report also draws on the practical experience of Birmingham and Manchester as they have developed and delivered their approach to localism. Both these cities have supported the research behind this report, and agreed to share their insights, their learning and their ideas for the future through discussions with the research team. It also draws on the experience of a range of Counties and London Boroughs with whom we conducted interviews.

A summary of the key messages that came out of the interviews is set out in the following section.

# 3

## Shaping the route-map

This section summarises some of the main messages that came out of the interviews with key thinkers and practitioners conducted as part of the research for this report. This report draws on detailed interviews with 45 leading thinkers and practitioners, including: ex-Cabinet Ministers; current and previous Permanent Secretaries and senior civil servants; local authority leaders and Chief Executives; advisers and academics; experts from the private sector with experience of partnering with government in public service delivery; and senior figures in national bodies that work closely with government at different levels, including neighbourhood partnerships and those with experience of community-based delivery.

### Key lines of enquiry

The team used several key lines of enquiry to structure the interviews and supporting research:

- **Why now?** What is the compelling case for localism now – what are the forces driving and counteracting that case?
- **What now?** What are the priorities for change – and what are the key propositions that follow?
- **Which levers?** What are the key enabling factors that need to be implemented in order to make a localist future a reality?
- **What are the main barriers?** What are the main roadblocks to the route-map and the issues that threaten to prevent change, as has happened in the past?

The responses to these questions did not fall into obvious camps. There was no 'view from the centre' and no consistent view from local government. Opinions and ideas cut across party political lines.

The interviews pointed to a high level of consensus in some areas, particularly around the need for a localist re-arrangement of our democratic settlement, and the sense that the need for spending cuts and radical public service reform is forcing change.

This was balanced by a common recognition that the same pressures and tensions could be used to justify further centralisation, if the system is allowed to revert to a 'classic' response. Fiscal pressures could trigger an imaginative programme of radical reform, looking to maintain standards while delivering efficiencies, or they could invite an imposition of crude top-down cuts.

There were common concerns about the risks and barriers to localism, particularly with regard to ingrained cultures and learned behaviours around, for example, the willingness and ability of central government to 'let go'.

There was more disagreement around how to proceed and the key elements that should make up the route-map. Some of those tensions are highlighted in the route-map later in this report. Two particular areas of disagreement revolved around 'where to start' i.e. the key levers and changes that need to be affected, and how to maintain momentum. Some, for example, saw legislative change such as a power of general competence as a key enabling factor. Others saw this as a lower priority, and a distraction from the real task of supporting local government to make best use of the powers available.

There was a similar tension around the current local government funding settlement. While there was almost universal agreement that the system was inadequate – stifling innovation, obscuring accountability, reinforcing the parent-child relationship between central and local government – there was disagreement about how to respond. Some argued that changing the funding settlement was the key starting point; others felt that leading off on financial reform, particularly in the current economic climate, would cripple the debate and appear obscure to the general public.

Another important aspect of the discussions focused on the shape of local service budgets. Several interviewees, drawing on the emerging lessons from Total Place, argued strongly for single place budgets, bringing together the resources of public service partners in a much more flexible and accountable way.

The rest of this section explores the responses to the key lines of enquiry in more detail.

## Why now?

“If they don’t do it now it will be another 10-15 years”.

“There has always been a compelling case. The closer to the ground decisions are made, the more likely they are to be sensible. The case is strengthened because decisions are going to be more difficult... If we have to take very large chunks out of public services, then Whitehall departments simply can’t do it.”

There was wide-ranging agreement that the case for localism has been strengthened by the multiple ‘system failures’ in the current set up, and a strong sense that the need for major reform was creating the space for localism. The sense of ‘system failure’ stemmed from three issues:

- Low levels of trust in government – there is a growing sense of a division between ‘them and us’ in politics, with too many decisions taken far away from the reality of people’s lives.
- Public service reforms – public service improvement has not matched the scale of public service investment. Too many reforms have been shaped around top-down targets, and local services were still too bound in by Departmental silos. There was a very strong sense that the model of top-down control which marked so many public service reform initiatives had run its course.
- Public response to funding cuts – the public is unlikely to put up with a programme of crude ‘across the board’ cuts when there are opportunities to reshape services and handle reductions much more effectively and sensitively locally.

Each of these was seen as a powerful driver toward localism as the solutions are found at the local level – re-building trust by bringing decisions closer to people; re-shaping services so they better reflect the expectations and needs of local people; and handling reductions smartly and sensitively locally.

There is a real danger that the anticipated reductions in public expenditure could result in a further round of centralisation. As one interviewee put it:

“The risk is that as finances get even tighter people revert to what they have always done in previous recessions: go into the silo and their own problems in isolation”

But the majority of the people we talked to argued that the public expenditure context both strengthens the localist case and reinforces the need for urgent action. The route-map set out in this report has been designed to address this particular set of circumstances.

## What now?

Interviewees set out a range of ideas about how to change the status quo and create a very different future. Some of the detailed considerations around particular ideas are reflected in Section 7 of this report which sets out the route-map. There were a few high-level considerations which shaped the overall approach to the route-map, which are summarised here.

Democracy and accountability starts with people and local communities. The route-map should not simply be about taking power away or pushing power ‘down’ from central government. The approach assumes that power stems from central administration and trickles down. The route-map should start from the opposite position: democratic power comes from the people and the exercise of that power must be held accountable by them. The route-map therefore isn’t about technocratic change but re-wiring the democratic settlement.

There should be local routes to localism. No one size fits all. There should be no national prescription in setting out a localist future. Different areas will travel at different speeds along the way to different destinations. Local areas, working with their neighbours where appropriate, should be able to adopt and adapt appropriate local arrangements, creating a ‘variable geometry’ which will continue to evolve over time.

Part of that evolution should be a recognition that ‘not local’ does not mean national. Not all decisions can or should be taken locally, but that doesn’t mean they need to be taken by central government. Increasingly, supra-local arrangements such as Multi-Area Agreements (MAAs) and City Strategy Pathfinders are demonstrating the value of cross-boundary working. As one interviewee put it:

“Centralism can’t handle a world of complexity of governance. Government needs to be polycentric and national government is not central government”.

Sustainable change means maintaining momentum and building capacity. Central and local government need to work together to build and maintain the momentum behind localism, including stoking public support. An equally focused commitment

is needed to support local partners to make best use of additional powers and responsibilities and support central government to work in new ways.

“A large part of the work of the Local Strategic Partnership (LSP) is knitting together all the funding streams that we have got that government has so carefully separated out nationally”.

Whitehall and Westminster must change. There was a strong sense that the departmentally-organised, silo-based way in which central government often works is a barrier against effective delivery and imaginative partnership working on the ground. There has been a shift to an issues-based way of working, and central government increasingly sees local government as a partner, but changing the structure and ways of working in Whitehall and Westminster must be part of the reforms that will deliver the localist future.

## Which levers?

“The Treasury and Whitehall would need to agree that they need levers to be pulled locally, not centrally – and that’s a big shift of mindset”.

The question of how to proceed was one of the most complex issues in the interviews. Localism, as is widely recognised, has been promised many times before but the reality has not matched the rhetoric. How do we break out of that cycle of over-promising radical reform and under-delivering modest tweaks?

Different interviewees proposed a range of different elements of the route-map, but there was general agreement around the need to proceed through negotiated deals. A ‘programme’ of localism, rolled out from the centre, is likely to end up like other localism initiatives – caught up in bureaucracy and guidance.

Proceeding through negotiated deals means striking place-specific agreements about the new powers and functions that are available in return for agreement on accountability and savings.

As the statement from the interviewee above suggests, the deals would need to be premised on a recognition within central government that effective delivery happens locally. And this requires a shift in thinking, away from the idea that central control is the way to get things done, and an appreciation that localised

arrangements are often more effective at delivering outcomes that reflect local needs and potential.

There was some agreement that even those departments traditionally unsympathetic to localism were changing:

“There is an indication amongst public servants that the system does not work and increasingly departments such as DWP and the Home Office recognise that local government has a key role to play.”

It should also be noted how much weight many interviewees attached to the issue of political will. In an already centralised political system, reflected – and perhaps reinforced – by a media focused on ‘the Westminster village’, delivering change would require strong and consistent pressure. For many interviews, this meant leadership from the Prime Minister and the sustained weight of the Chancellor with the Treasury behind the process.

In addition to political will, there was broad agreement on some core enabling factors. Simply proposing a series of reforms wouldn’t do, without addressing the underlying reasons why similar proposals for reform have not met expectations.

## What are the main barriers?

“Despite the rhetoric, the fact that government is still sending out bid forms for small amounts of money running to twenty pages means that no-one believes it”.

A strong message to come out of the interviewees was the sheer difficulty of making change happen, given the institutional and cultural barriers in the way of localism.

Interviewees often cited similar barriers. In particular, many highlighted the problem that centralism is self-reinforcing. Ingrained ministerial habits, the ‘Westminster village’ nature of political reporting, the reliance on targets and measures – each of these contributes to the urge to further centralise, even as it becomes clear that centralism is failing.

There are, however, other barriers, and not all of them lie within central government. The need for a new form of central-local dialogue and the importance of building capacity and confidence in local government were regularly cited.

# 4

## What is a localist future?

This section offers a working definition of a localist future and sets out how it would look different from the current arrangement.

### Defining localism

It's a recurrent theme of the localism debate in England that the term is often used loosely, as a convenient rubric for a range of different and often incompatible goals.

'Localism' is used by some to denote managerial decentralisation; by others to mean community empowerment; by still others to imply efficiency savings and cutting back the state. As a result, the discussion often becomes bogged down, with advocates and opponents arguing different cases for different definitions of localism.

To avoid similar confusion, this report uses a localist future to describe:

- a radically altered democratic settlement, in which
- the relationship between central and local government is reformed, empowering local authorities and their partners to set priorities, take decisions and deliver services in a way that meets the needs and expectations of local people, and where
- there is an equally profound shift in the relationship between local government and local people, changing the way local democracy works so that priorities and decisions flow up from people, and
- individuals and communities are empowered to shape the places in which they live.

This definition is not perfect. No definition can be. It is a working definition which captures the fluid nature of localism - an evolving system based on relationships and interactions between different people and organisations, not a fixed-state structure or closed system.

## What would an ideal localist future look like?

“When [Ministers] are prepared to say ‘that wasn’t my decision, you’ll have to ask the leader of [the council] about that’ – then the situation will have changed”.

By definition, a localist future would mean different things in different places, reflecting the diversity of local arrangements, aspirations and needs.

However, there are some common ways in which a localist future would look and feel different to the current situation:

- There would be many more opportunities for individuals, families and communities working together to direct, manage and take control of local services and assets.
- Services would be more responsive to local needs and preferences, with decisions on how they are designed and delivered taken in a more transparent way and with extensive engagement of users.
- Local elected members and leaders would be far more visible and able to explain and account for how their decisions affect local people.
- Localities would have more influence over decisions about public expenditure locally.
- There would be no targets – areas instead would agree key outcomes with central government – and much less monitoring and measurement of local performance.
- The role of central government in the area would be more limited and more clearly defined, focused on delivering core shared priorities identified in genuine partnership with local agencies, supporting improvement and ensuring the delivery of basic minimum standards in certain areas.

Delivering these changes will not be easy, but the arguments for localism are growing stronger. The next section explores the case for localism, and some of the qualifications to a localist future which need to be considered.

# 5

## What is the case for a localist future?

This section sets out the need for change; explores the case for localism; and highlights the limits of localism.

### The need for change

“There’s a joint recognition that *we can’t go on like this* – the long journey of accretion to the centre has to stop”.

The most pressing case for change stems from the need to re-invent public services in response to the anticipated reductions in public expenditure from April 2011, if not earlier.

The danger is that reforms will be decided in blunt and silo-oriented cuts determined by Whitehall departments, undermining moves towards integration at a local level. This will strengthen the extent to which important local partners, such as Primary Care Trusts, feel accountable to the centre rather than to the local community. They will seek to cope with the cuts within the parameters of their own budgets, regardless of the implications for local priorities. Under this scenario it is also likely that national minimum standards will become the norm, with no space for discretion and that concerns about the ‘postcode lottery’ will intensify.

A more localist approach would begin with local needs and priorities, and would focus debate about how to reduce expenditure in that context. The early lessons from the Total Place pilots suggest that improved outcomes can be achieved at less cost, but only if:

- There is more collaboration between agencies at a local level;
- The focus is expressly on what local citizens and communities want and what they can contribute;
- There is a mechanism locally for managing across budgets, enabling, for example, one agency to increase expenditure in order to enable others to save; and
- There are governance arrangements in place locally to manage all this.

The nature of public service reforms also strengthens the case for localism. Tackling major issues like obesity, climate change and improving skills depends in part on people changing their behaviour. This is best achieved locally, where local service providers can interact with and respond to people.

“The public are losing their tolerance for the mess of public service delivery and the ‘it’s not us – it’s them’ culture. They expect services to be integrated”.

## The case for localism

There are five core arguments for localism:

**1 Efficiency.** Localism enables – but does not ensure - the more effective use of scarce resources, through better identification of need and targeting of spend. Local decision-making and delivery reduces the overhead costs of long ‘delivery chains’ and the management and monitoring associated with centralised programmes. The task of delivering ‘more for less’ is better achieved at the local level, where more informed and accurate judgments can be made about the costs, benefits and impacts of specific decisions and interventions. The inevitable trade-offs between different groups and priorities can also be better managed and mediated at the local level.

“We have to make the efficiency argument – shared services, rationalising community assets, driving health and care service integration, supporting public services through integrated management – localism makes sense here because there’s such a distinct sense of place”.

**2 Effectiveness.** Localism enables – but again does not ensure – the more effective delivery of services. Services which are developed locally, with a high level of engagement with partners and service users, better reflect local priorities and the

diversity of local needs, interests and preferences. The perverse incentives and unintended outcomes that are created in an overly-centralised system are more easily avoided. It is easier to identify needs, reflect local issues and preferences and respond to changing circumstances at the local level, where the feedback loop between design and delivery, between service deliverers and service users is much smaller.

“The advantages of local service design and delivery are proximity to end users and understanding of the local place. These features will be particularly important when attempting to effect behaviour change at an individual or community level and where there is geographical variation in need.”

**3 Experimentation.** Within a localist framework, local partners have greater leeway to try out new approaches, and adapt models and methods to suit local circumstances. Localism also spreads the risk of experimentation, avoiding the problem of single solutions putting ‘all the eggs in one basket’. This is particularly important in responding to the complex ‘wicked issues’ – the ageing society, climate change, multiply deprived households – which have frustrated top-down centrally-formulated solutions. These wicked issues require the input and innovation of many different partners, cutting across administrative silos and budget lines. The need for reduced public spending should force different agencies closer together, making necessity the mother of invention. There is much greater scope for this kind of creativity to be nurtured at the local level.

“If government is truly looking for a 10% - 20% reduction in [spend] there will need to be the appetite for doing things radically differently. In most cases, the solution will be local”.

**4 Engagement.** Localism creates more space for local authorities as leaders of place to engage partners and local people in taking decisions and shaping services. The higher the level of central control, the more difficult it becomes to create flexible partnerships to address specific local challenges.

“We do need to co-operate regionally and sub regionally but not because someone tells us to. You get resistance and resentment if you are told to do so from the centre – we’re grown up – other countries manage a much more mature relationship”.

**5 Empowerment.** By pushing power and resources closer to ‘the ground’, localism creates greater opportunities to empower people – individually and collectively – to take decisions for themselves and influence the services that affect them. There is a growing demand from people to have more of a say in the decisions that affect them, and for public services to be flexible, tailored and responsive. As we enter a period of reduced spending and public service reform, managing these pressures and finding ways to co-produce services is going to be ever-more important. Localism is also a more effective way of conferring legitimacy on local government to manage that process of change. As one interviewee put it:

“The more local choice there is, the more local turnout will increase. People subconsciously realise their vote has been devalued – there must be a bottom-up mandate.”

## Limits of localism

“There’s a sense that the centre may do scale better where it doesn’t need tailoring and needs speed; but where there are multiple barriers, centralisation works far less well – worklessness for example”.

The case for localism is not helped by putting it forward as an unalloyed good or a universal panacea. There are valid and necessary limits and counter-balances to localism:

- **The value of standardised practice.** In some cases, there is a strong efficiency argument for practice to be standardised across different areas, where variation is inordinately expensive or complicated and does not deliver any more valuable outcomes. This does not mean, however, that services should be designed and delivered nationally – practice can be standardised by local areas working together.
- **Economies of scale.** There is a similarly strong efficiency argument for generating economies of scale by delivering and commissioning services in a more or less uniform way. The same caveat applies that economies of scale do not require national uniformity.
- **Responding to non-localised needs and demands.** Responding sensitively to communities of interest and designing services that meet people’s distinct needs cannot all be done locally. There will always be a need for government to

work with the voluntary sector and other partners to address those communities of interest that are not specific to where someone lives.

- **The value of certain minimum standards.** There is a strong social justice argument for specifying certain minimum standards in relationship to some services which no area should fall below. It is wrong to assume that greater flexibility always leads to larger differences in service standards between place, or that it leads to greater inequalities. Much of the experience in the UK suggest the opposite conclusion – greater centralism has occurred at the same time as greater inequality. However, where there is agreement, minimum standards can help to guard against the risk that some areas fall below a level that is acceptable.
- **Capacity.** Local agencies which have been denuded, over several decades, of the power and capacity to take decisions cannot reasonably be expected to take on additional powers without prior preparation and investment in skills and knowledge. The route-map set out in this report is premised on investment in capacity building and improvement.

## Localism in practice

None of these points should be taken as arguments against localism, although they are sometimes used in this way. They are intelligent qualifications which have practical implications to be addressed as we deliver the localist future.

Despite these qualifications, interviewees were clear that the case for localism *now* was very strong. The need to re-invent public services in the context of severe spending reductions made the benefits that localism can deliver, which are outlined above, all the more valuable.

To outline the case in more detail, short examples of localist innovation from a range of places are included in different sections, and the experiences of Manchester and Birmingham are threaded throughout. The following examples illustrate the potential benefits of local innovation. Further examples from Birmingham and Manchester are included where relevant later in the report.

### Local Information and Service Delivery in Essex

In September 2008, Essex County Council became the first UK local authority to use local funding to reopen a post office branch closed by central government.

The Council did this in recognition of the important role that post offices play in local communities and the value that communities placed on them. Essex residents visiting locally funded postal offices see a new brand on the high street: independent from PO Ltd and with an emphasis on access to community information as much as postal services.

Each branch has an information point offering internet access – an important resource given the relatively low level of broadband access among their target market (older people). Postal services play a key part in the network but they need not be provided at every branch. In some instances, the provision of: information points, a free cash point, an electronic payment terminal, and mail collection facilities is all that may be required to meet local need.

Using local knowledge of need and adopting a flexible approach, Essex has been able to retain a valued local provision and secure more effective access for local people to its own services and information. Essex is clear that their approach needs to enable PO Ltd to succeed as a commercial business and argues that by separating out its commercial assets (i.e. its products and contracts) from its community assets (i.e. its branch network) it is possible to do this while better meeting the need of local communities.

### Single Gateways in Kent

In Kent local government has come together to introduce the Gateway concept – offering a single, convenient public service point sited in retail-based locations, and using the latest technologies to improve the customer experience and integrate public services in one place. The focus is on shaping services to fit around customer need, maximising efficiency both for the clients and service providers, and delivering effective, measurable outcomes for people.

The scheme has been extremely popular with the first round of Gateways anticipating annual footfall of more than one million people. The Gateway concept has become an example of best practice for local government with other authorities now seeking to franchise the Gateway model in their own areas.

Phase 2 of the Gateway Programme will see the further roll out of 9 Gateways across towns in Kent, whilst the gateway brand will move to include virtual access

routes such as a single three digit telephone number for public services in Kent and a single website – increasingly moving service provision and assessment online in order to generate significant back office savings – potentially in excess of £20 million over the next three years.

### Lessons from Total Place in Birmingham

In its review of the experience during the Total Place pilot period, between July 2009 and February 2010, the City Council and its partners have identified the following “conditions” necessary to mainstream the Total Place approach. They are:

- **Collective leadership** of the key players in the city, including those in the top political, managerial and professional roles in the public sector together with others who wish the city to prosper and are keen to contribute (for example people in the voluntary sector, private sector, academic, cultural and sport worlds).
- **Governance** which creates an effective connection between partner organisations and the partnership per se, appropriately recognising democratic mandates and defining where accountability lies and how key decisions are made.
- **Financial planning, budgeting and control** which supports a ‘budget for Birmingham’ approach within and between all the partners, including the ability to realise efficiency savings (i.e. actually decommission activities).
- **Connection with citizens** not just in the narrow consultative and survey sense, but in a way which drives everything the public sector does. This includes a deep involvement with, and understanding of, individuals, families, communities and localities and which helps to build social capital (i.e. the confidence and ability to rely on oneself and neighbours rather than on the state).
- **Alignment** of staff skills, energy and motivation from first line to senior management around outcomes for citizens, rather than around organisational, professional and service activities and targets.
- **An overall performance management framework** which fosters current and long term co-operation between public sector partners rather than marching them to different tunes.

- **A research and intelligence function** located within the partnership (rather than within one of the partners) which brings to bear a rigorous evidence-based approach and sound analytic methodologies to policy and expenditure.

Three of these themes are particularly important in the context of the case for localism:

- the single budget;
- governance; and
- devolution within the city.

### Communities, Families and Individuals in Manchester

For Manchester City Council localism is about tackling issues at the appropriate level and in a co-ordinated way. This is relevant for all service areas – asking the question ‘what would any good universal service look like?’ – and rethinking how to make it make it more efficient and effective and to deliver it in a way that empowers individuals and communities.

For services addressing additional need and for people who need support, the question is how to use resources in a way that empowers and enables people so in the medium term the extent of the state can be ‘pulled back’ and you move away from generating a dependency culture.

This is taking place in the context of a belief that the limits of the current top down performance framework have been reached and that the existing regulatory framework is not producing additional impact. The focus is therefore on aligning budgets, closer collaborative working, reducing the double and triple handling of resources, and exploring new approaches to commissioning. Local knowledge and integrated working can address an issue more effectively than a national determined programme.

### Resident Wages programme

Reducing income inequalities in Manchester is a key aim of the Manchester Partnership. The Resident Wages programme does this through very targeted

interventions and much tighter working across local partner organisations. The programme has the following aims:

- To test out taking a whole-family approach, with integrated multi-agency working, to increase participation in education, training and employment in two neighbourhoods with high levels of worklessness.
- To maximise the opportunities through Manchester's Skills for Staff in entry-level jobs to develop skills to move into higher paid posts.
- To engage with other employers in the city, to maximise opportunities for Manchester residents in entry-level jobs to gain skills and move into higher paid posts.
- To engage with employers and agencies in the city to increase the access to employment and skills of Manchester residents.

The programme is expected to make an impact on increasing the engagement of individuals and families it works with and to develop different ways of working for the agencies involved. The project is linked to issues of wellbeing and raising of aspirations, along with the aim of trying things out and learning about what works and does not work.

The programme has a number of strands:

- Developing tackling worklessness pilots
- Engaging with employers to increase job opportunities for long-term unemployed people
- Engaging with employers to maximise opportunities for Manchester residents in work to continue to train, gain qualifications and progress

The programme is still developing but there is already evidence that communities have responded positively to the heightened engagement delivered by the programme and that the multi-agency approach has enabled better coordination of resources and swifter responses to needs. The support of partners has been strong at strategic and operational level and an action learning approach has been used to highlight barriers to effective working and refine the programme approach.

### Early Years Pilots

The council is fundamentally reshaping Early Years services as part of its Total Place and statutory city region status.

The aim of the pilots is to bring about radical improvement to families' experience of Early Years, particularly for hard to reach groups and those in the most deprived areas. Evidence shows that too many children in Manchester still reach school physically and mentally ill-prepared to take full advantage of the education system – a first base in the city region's need to raise its skills profile. It is recognised that this is a complex policy area requiring a holistic and assertive response that must consider the family as a whole.

The pilots have been taken forward across the City Region and have - over a short period of time from June 2009 to February 2010 – aimed to identify and understand how services for this age group can be transformed and made more cost effective through improved cross-agency working.

The pilot programme has three main elements, each of which is the subject of ongoing work with officials (particularly DCSF, DWP and DH):

- to enable a whole family assessment to take place six weeks after birth; a critical pre-condition of this is that Manchester's local authorities are officially informed of all live births;
- parents receive a range of services and benefits when they have children. It is proposed to pilot a voluntary review of services six months after birth for a target group, to take place in a Children's Sure Start centre. This will give child care professionals the opportunity to offer other services to the children and their parents, and to check whether services offered previously have been taken up; and
- on the ground, Manchester is progressing and trialling a number of multi-agency pilots based on what cutting edge theory and practice suggests works best for families in most need. This includes how best to integrate the work of various agencies and give better effect to the rights and responsibilities of children and parents as well as how to take an interventionist approach to the hardest to help.

The Government and Manchester have agreed to develop and evaluate these pilots together.

The case for prevention and early intervention has been subject to a detailed cost benefit analysis and savings have been identified from a number of areas including the efficiencies being considered by the Association of Greater Manchester Authorities (AGMA) through combining back office functions and streamlining processes. Total Place has identified that for every 'doer' there are two 'checkers'. In particular the findings focus on the impact of moving families up the chain from Chaotic and Barely Coping to Coping and Thriving, presenting a compelling case for spending on prevention in Early Years to deliver improved outcomes, significant savings across the public sector and improved economic productivity for the region.

This work is closely linked to Manchester's approach to 'Think Family' which although a national programme is being used at a local level to reform systems and services provided for children, young people and adults across the continuum, and not just for the most vulnerable, to ensure services work together to:

- provide families with support at the earliest opportunity;
- meet the full range of needs within each family they are supporting or working with;
- develop services which can respond effectively to the most challenging families; and,
- strengthen the ability of family members to provide care and support to each other.

The aim is to use local knowledge to see the family in its widest context, including children, parents, grandparents, elderly family members and others and recognise that families live in communities which both impact on them and which they impact both in a positive or, sometimes, negative way.

# 6

## What are the barriers to localism?

This section explores the barriers to the delivery of a localist future, drawing on the experience and lessons from previous initiatives.

It is important to learn the lessons – positive and negative – from previous attempts to develop and deliver a localist future.

Key steps forward for localism have included:

- The formation and development of Local Strategic Partnerships (LSPs), and their role in bringing together local partners and sharpening the priorities of areas;
- The development of Local Area Agreements (LAMs) and Multi-Area Agreements (MAAs) – embedding the principle that priorities and targets for area should be limited and set through negotiation, replacing the previous proliferation of mandatory targets attached to separate funding streams and projects;
- The continuous expansion of neighbourhood-level management and governance arrangements, including the use of techniques like participatory budgeting and, more recently, community asset transfers;
- The introduction to some public services of some level of choice, alongside strengthened (but still limited) rights to recompense;
- More recently, the development of Total Place and Total Capital with its emphasis on local partners making much sharper and better informed judgments about service improvement and efficiency;
- The establishment of the Central Local Partnership, bringing together the

political leaders of local government and Ministers with responsibilities relating to local government;

- The formation of statutory city regions, finding new ways to integrate policies on economic development, planning and housing.

Attention tends to focus on innovations in and around cities, but there have been equally innovative examples of governance and service reforms in counties and districts. And a number of county councils have put forward ideas for further innovation, such as *Bold Steps for Radical Reform*, by the leader of Kent County Council.

However, these reforms have not fundamentally altered the relationships between central and local government, and local government and local people. The next sections explore why this is the case.

## Barriers to localism

There are four key barriers to the next stage in the delivery of the localist future.

### **The centralist grip**

“Total Place has created a more adult conversation between central and local government, but I still have real concerns that horizontal drivers do not apply in Whitehall”.

The centralist nature of our current governance set-up, which is in many ways self-reinforcing, severely limits the scope for innovation and flexibility. This message came through very strongly from many interviewees, including those with experience of working in central government.

There are political pressures to maintain the centralist hold. Ministers often ‘make their name’ by delivering in a specific and usually silo-based policy area, with few incentives for them to ‘give away’ part of their remit to local bodies. Media reporting of politics reinforces that idea that Ministers can and should be held accountable for even small decisions.

The way in which Whitehall functions equally acts against localism. Whitehall is dominated by powerful Secretaries of State with service-specific remits such as health, transport and children’s services. Government departments follow this

pattern. There is a growing tension between departmentally-organised Whitehall and increasingly joined up localities.

Departmentalism is reinforced by the way in which Parliament holds government to account, including through Select Committees and the role of Permanent Secretaries as Accounting Officers for their department.

Some interviewees expressed a concern about the low level of knowledge about even fairly basic aspects of local government within Whitehall. This fed through into how officials saw local authorities - as bodies to be consulted and instructed rather than as equal partners in the delivery of shared objectives.

### **Pilot innovation does not lead to mainstream change**

“You have your brand leaders and then get a second wave – and then it falls over”.

Virtually all localist initiatives have started off in pilot form. The authorities and partnerships engaged in the pilots often enjoyed a close and productive relationship with government, especially in terms of access to Ministers and senior civil servants. The learning from the pilots was identified but the conditions for innovation were often not replicated. In particular, central government was unable to create and maintain a productive and creative dialogue with a wider range of areas beyond the pilots. The innovation and imagination which are a feature of the pilots are generally replaced by guidance and bureaucracy.

### **No system for developing and delivering shared priorities**

Despite the development of LAAs, there is no robust and respected mechanism through which local partners engage with central government to identify priorities, set targets and find ways to align and support delivery structures.

The original vision was that LAAs should be “the only place where central government will agree targets with local authorities and their partners on outcomes delivered by local government”. However, the sense from the research for this report was that this opportunity had been lost – local partners continued to be subjected to new duties, monitoring regimes and initiatives outside of the LAA framework.

## Confidence and capacity

“The dependent local authority waiting to be told what to do by the centre is still alive and well”.

A key barrier in the past has been the concern about the capacity of local government to use new powers effectively.

A number of interviewees pointed to examples where central government's reliance on monitoring and regulation suggested a lack of confidence in local government. In turn, local government's response suggested a lack of confidence in itself. One interviewee described how authorities can settle into “learned helplessness” – assuming that we can't do things because central government “won't let us”.

This is changing. Local authorities, increasingly working together, are demonstrating that they are more than capable of using new powers effectively. There is, however, still more to be done.

# 7

## A route-map for change

This section of the report sets out a route-map for change. It begins by setting out the core elements of our proposition and summarises the evidence on which this approach is based. The report goes on to explore each element of the route-map in detail.

What we are proposing is in essence ‘negotiated autonomy’. The core of the route-map would be a negotiation between central government and localities, at the heart of which would be a deal, involving new powers and influence over public expenditure on the one hand and a commitment on the part of the locality to deliver agreed outcomes and strengthened accountability on the other hand.

Four aspects of our approach to negotiated autonomy are particularly important.

**First**, we have concluded that central government simply does not have the capacity to conduct meaningful and creative negotiations with every county and unitary council and is unlikely to develop the ability to do so. We are therefore recommending that the negotiations should take place at major city or strategic county level, or with sub-regional groupings of councils. This reflects the increasing importance and effectiveness of county- and city-region groupings of councils and partners.

**Second**, the establishment of ‘more for less’ single place budgets is an important feature of our proposition. The agreement of the scope of these budgets, and the powers that are to be devolved alongside them, would form an important element of the negotiations.

This idea draws heavily on the themes emerging from the Total Place pilots many of which have, for example, identified the need for a mechanism to enable one agency to increase expenditure to enable another agency to secure substantive savings. Birmingham has identified as one of the conditions necessary

to mainstream the Total Place approach the existence of financial planning, budgeting and control mechanisms which could support a budget for Birmingham. The idea also reflects the conclusions of a review of the impact of the recession and subsequent expenditure cuts by CIPFA and SOLACE<sup>3</sup> which identified a number of policy options, including:

- A significant layering of the public sector with many more decisions being taken locally; and
- A major initiative to maximise economies by much more effective collaboration between public bodies.

**Third**, central to the ‘deal’ would be the introduction of a much more visible form of local accountability in return for the devolution of additional powers and budgetary responsibility. Our preferred model is a directly elected mayor, commissioner, sheriff or governor. But this will need to be developed through negotiation. Where a locality does not want a mayor, sheriff, commissioner, or governor, the onus will be on them to propose an alternative which has similar visibility and accountability.

The significance of this element was highlighted in a recent IPPR/PWC study which concluded that potentially the biggest barrier to localism is a highly centralised political culture which tends to hold Ministers to account for all aspects of public service delivery.<sup>4</sup> It showed that the public default mechanism is to hold Westminster most responsible for public service performance. But it also concluded that it is possible to shift public perceptions of accountability if devolution is well publicised and if real powers are transferred to highly visible and accountable bodies such as the Scottish Government or London Mayor.

**Fourth**, an important consequence of negotiated autonomy is that localism will proceed at different rates in different areas, reflecting the level of ambition of the agencies involved and their willingness and capacity to work across geographical and organisational boundaries.

This reinforces the fact that what we are proposing is a new direction of travel. It involves radical change. It is not possible at this stage to be precise about how some elements will work in practice – the detail will emerge from developmental

3 SOLACE/CIPFA (2009) ‘After the Downturn: Managing a significant and sustained adjustment in public sector funding’.

4 IPPR/PWC (2009) ‘Who’s Accountable? The Challenge of giving power away in a centralised political culture’.

work on the ground. Indeed, creating the conditions in which central and local government can work together on this journey is an essential first step in delivering a localist future.

The next section will explain the various elements of our route-map in more detail, but it is important to acknowledge from the outset that a precondition for localism is a high level political commitment to change.

“What matters most is: how strong is the political will?”

“The Prime Minister would need to say that localism is so important that ‘it’s mine’”

There is a high level of spoken commitment and consensus around localism but, as we have seen, reality rarely matches rhetoric. Many interviewees, including those from local government, pointed out that this is not just a problem of central government behaviour. Local authorities can also ‘talk the talk’ of localism but be found wanting in practice – when they point the finger of blame at central government for difficult decisions or complain that there is not enough guidance where previously they had complained of too much prescription.

The force of inertia in our current settlement, especially at times of crisis, is toward further centralisation. Disrupting the status quo will require firm political will at all levels – from the core of central government to local councillors.

A political commitment to localism requires more than warm words, and it cannot be generated artificially. It is up to the leaders of political parties who profess a commitment to localism to translate that into sustained action.

Matching a strong central message about localism, several interviewees argued that local authorities needed to be bold in their outlook – being prepared to innovate without first asking permission to do so or checking for guidance. As one interviewee argued:

“The wellbeing power is sufficient for most purposes...Most issues that need unblocking do not need legislation to do so – just will.”

## The key elements

The key steps in the route-map are explored in detail below. They are:

- Determining the level at which the negotiations should take place;
- The composition of the ‘more for less’ single place budget;
- The nature of the more visible local accountability appropriate to support the new roles;
- A set of agreed outcomes and the devolution of new powers to support the delivery of those outcomes;
- The changes required within central government to support this process;
- The importance of a parallel process of leading and letting go locally; and
- The nature of local delivery.

## The level for negotiations

“We need some kind of practical and differential approach. Let areas go as fast and as far as they can with support from the centre.”

We are proposing that the negotiations between central government and localities should take place at a large city, strategic county or sub-regional level. In practice this means that negotiations would take place with a city such as Birmingham or a county the size of Kent or Cornwall. In Manchester the negotiations would take place at city region level.

This approach reflects two important findings. First, the perennial question of the capacity of central government to engage in a meaningful dialogue with councils and their partners. The experiences of repeated pilot programmes – for example of local public service agreements and local area agreements – is that that the relationship with a dozen or so pilots is extremely constructive; but when rolled out more widely the relationship becomes overly bureaucratised and often reverts to a ‘one size fits all’ ‘tick box’ approach.

All the evidence is that government could not conduct meaningful negotiations with all unitary and county councils and there seems to be no prospect of this changing in the near future.

Second, it is significant that in many parts of the country councils and their partners are collaborating at a sub-regional or city region level. Examples include:

- Pennine Lancashire which brings together areas which have suffered industrial decline resulting in significant pockets of concentrated deprivation;

- The Partnership for Urban South Hampshire and the West of England Partnership, both of which include extensive rural areas;
- The Association of Greater Manchester Authorities (AGMA), which now has formal city region status.

It is particularly striking how much momentum has been generated in Greater Manchester as a result of the quality of negotiations that have taken place as part of the forerunner statutory city region process.

### Manchester Statutory City Region Status

At a city region level the Association of Greater Manchester Authorities (AGMA) has established a strong track record of city region working. Established in 1986 following the abolition of the Greater Manchester County Council, AGMA has evolved from a co-ordination and lobbying body to take on an increasingly important strategic and joint leadership function. Partners are currently working on a wide range of joint initiatives on shared services, cultural change, environmental and economic interventions and transport infrastructure. AGMA's overall vision is that by 2020, Greater Manchester will be able to "confidently call ourselves a world class city region at the heart of thriving North of England".

The development of city region working has accelerated over the last two years. In July 2008 the Greater Manchester MAA was one of the first to be signed off with central government and the following year Manchester was named as one of two statutory city regions, alongside Leeds. The Manchester Independent Economic Review has provided a strong shared evidence base about the city region's economy and its further development and in June 2009 a Greater Manchester Strategy setting out a shared strategic direction to 2020 was agreed.

The experience of the Statutory City Region process has been that it has moved at a completely different pace and level than previous agreements negotiated with central government. Both the PSA and LAA process were protracted and delivered no additional flexibilities to the authority. In comparison the engagement in the Statutory City Region process has been much more focused, benefited from the profile given to it through PBR process, has secured much more meaningful engagement from Whitehall and has already resulted in tangible benefits to the City Region.

Negotiating the core SCR agreement has taken 9 months including two meetings between leaders and ministers. The ten city region authorities have recently completed a consultation on establishing a combined authority to provide strengthened governance arrangements and to act as the co-ordinating body for economic development and regeneration and transport.

Key lessons:

- There is a clear rationale and evidence base supporting coordinated working at a city region level and the transfer of additional powers to the city region.
- A focused and high level negotiation with central government facilitated a clearer outcome than the much broader LAA process.
- It is possible to negotiate a relatively rapid process of transferring responsibility and link that to strengthened governance.
- Communication about what the city region is and the role it plays is challenging both within partner authorities and the wider public.
- Recognition that core cities have a national importance – they are the engine rooms of the economy and it is right to have a differentiated approach to core cities.
- It is not about more money, it is about using the money available in the most efficient way.

We are not necessarily proposing that action flowing from these negotiations would always take place at a sub-regional level – what is done at what level would be one of the topics to be explored in the negotiation process. Nor does it mean the creation of a new organisation: the aim would be to exploit embedded capacity within existing organisations. Where elected mayors, sheriffs, commissioners or governors are created at a sub-regional level an ‘office’ would need to be created to support that post, but we envisage it drawing down resource freed up by the devolution of powers from regional or national level.

The level at which negotiations would take place in London requires further exploration and would require close working between the GLA/the Mayor and London Councils and would need to build on the joint working that already takes place across borough boundaries and is being developed across London through the London City Charter and the Congress of London’s elected leaders.

It is significant that in his report on the future of local government the leader of Kent County Council has reached a similar conclusion, calling for devolution to local government working in what he describes as 46 sub-national areas.<sup>5</sup>

This approach means that localism will be introduced on a phased and asymmetric basis. Areas which are most ready and willing to 'go first' would help to build and maintain momentum. If just Kent, Essex, Birmingham and Greater Manchester reach a new arrangement, then along with the population of London which is covered by the GLA, over a quarter of all people in England would be covered by a new devolved arrangement.

## The 'more for less' single place budget

A key feature of the negotiations would be the devolution of responsibility for a 'more for less' single place budget to the locality. At their most ambitious these budgets could embrace the totality of public expenditure in a locality.

The importance of this element of the route-map has been reinforced by the work of the Total Place Pilots. Work on drugs and alcohol in Birmingham, for example, has shown that the provision of a wrap-around service for dependent drinkers – involving a range of agencies – could significantly reduce the costs they impose on the health service. Similarly, it is clear from the work in Bournemouth, Dorset and Poole that additional expenditure by local authorities on care for older people is necessary if the health service is to significantly reduce the current dependency on more expensive hospital care.

The potential scope of single place budgets is illustrated by the counting exercises that were carried out as part of the Total Place work. In Birmingham this showed that a total of £7.5bn was spent in the city in 2008-09, with city council expenditure accounting for 50%. The combined spend of the PCTs was £1.9bn. The total spend in Bournemouth, Dorset and Poole was £5.7bn, of which £2.9bn was spend by local bodies.

We envisage that the scope of the budget, the geographical level at which it is managed and the extent of local discretion in relation to it would be three of the things determined by the negotiations. Factors to be taken into account would include the capacity and ambition of local organisations and commitment to clearer and stronger lines of local accountability. Initially, for example, the scope of a place

5 Kent County Council (2009) 'Bold Steps for Radical Reform'.

budget could be built around the core outcomes agreed with government. It is important, however, that the devolution of significant new financial responsibilities to a locality go hand in hand with stronger forms of local accountability. The “more for less” single place budgets could include:

- Health expenditure currently controlled by primary care trusts;
- Elements of Department of Work and Pensions expenditure, particularly in relation to long term unemployment and worklessness;
- Resources currently channelled through regional development agencies;
- Resources for skills and training outside the new arrangements for local funding of post-16 education;
- The budgets of fire and police authorities.

This would represent a radical departure for localities. The way in which the budgets are constructed and managed would need to be developed through experience on the ground. In the current financial circumstances, we envisage that an important part of the ‘deal’ would be a commitment to work within a significantly reduced budget in return for greater flexibility over its use. The budgets should cover a three-year spending review horizon. They could include the adoption of an incentivised agreement around the delivery of core local outcomes, allowing local partners to ‘cash the cheque of prevention’ by retaining some of the money saved. This would pick up the lessons from approaches currently being tested by for example DWP through the Fit to Work programme.

The case for increasing the proportion of local expenditure which is raised locally is strongly argued by many proponents of localism. While the scope for increasing the revenue raising powers of local councils should be kept under review, the route-map gives priority to the creation of Single Place Budgets because:

- They have a potentially significant contribution to make to the challenge of securing improved outcomes at less cost;
- Previous discussions on the ‘balance of funding’ have resulted in more debate than action.

The description of a single budget for Birmingham explains how partners in the city arrived at the idea through their work on Total Place.

### A Single Budget for Birmingham

The lessons from Birmingham's Total Place Pilot have strengthened its belief that a Budget for Birmingham would enable the City Council and its partners to deliver improved outcomes for citizens at less cost.

Two threads in particular have emerged from the pilot, both of which could be aided by a single budget. They are the importance of investment in prevention and the provision of wrap-around services to meet the needs of vulnerable people, families and communities.

The city's initial 'mapping' of public expenditure and spending in the city was published last year and identified a total public sector spend of £7.5bn. It is helping partners to focus on better linking its work to deliver LAA outcome targets with the financial resources it attaches to these workstreams.

More detailed 'deep dive' financial analysis has been completed for the city's Total Place themes, yielding new insights into areas where the city's spending could be made more cost-effective, and the huge overall social costs of many of these issues.

The development of a 'budget for Birmingham' is not about structural change, but about radically aligning the individual business plans, strategies and financial plans of the key agencies to re-focus public sector activity on preventing problems and rapidly resolving underlying issues. This would be supported by moving to longer term 'investment/return' financial planning for public services.

## Strengthened accountability

“We need to create space for decisions to be taken with clear accountability but minimal oversight. There's a big opportunity / necessity to reinvent local public accountability which has been so messed up, including by council capping.”

We are proposing that where significant new powers and budgetary responsibilities are devolved to a locality a fresh, highly visible, form of local accountability will be necessary. In practice this means a directly elected mayor (although depending on the range of powers being devolved the role may be better conceived as an elected governor, sherrif or commissioner).

This is necessary to ensure that there is effective accountability for the discharge of a range of responsibilities which go beyond those of existing local authorities. It will also go a long way towards mobilising political will nationally and addressing public scepticism about local governance. It is an important part of the trade between the centre and localities. In essence our route-map envisages that the more substantive the new powers devolved to a locality the more important it will be to review the fitness for purpose of the local mechanisms for political leadership and for holding that leadership to account.

The need for enhanced forms of local accountability will be greatest where:

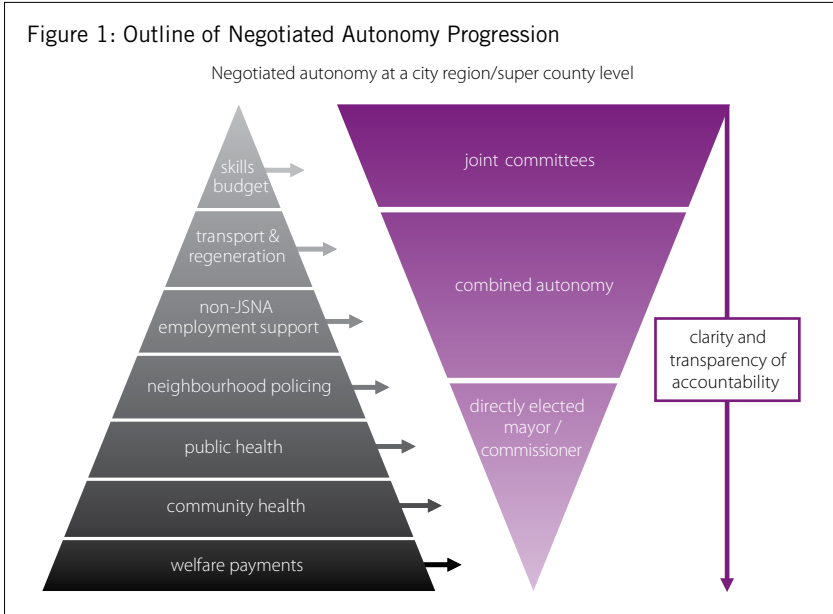
- Significant new powers and responsibilities are being devolved to a large city or strategic county;
- A sub-regional grouping is taking on a range of policy and budgetary responsibilities;
- New 'more for less' Single Place Budgets are being put in place.

In summary our proposition is that where powers are being devolved as a result of the negotiations envisaged in our route-map there should be a sliding scale of expectations in terms of forms of accountabilities such as that set out in the diagram. The creation of a directly elected mayor, governor, sheriff or commissioner (or an alternative with similar visibility and accountability) would be required where a more ambitious menu of powers is being devolved.

The need for strengthened forms of accountability has already been recognised by some places, including the forerunner city regions. In Greater Manchester, for example, negotiating the core statutory city region agreement has taken nine months including two meetings between leaders and Ministers. The ten city region authorities have recently completed a consultation on establishing a combined authority to provide strengthened governance arrangements and to act as the co-ordinating body for economic development and regeneration and transport.

In Birmingham there is an understanding that government will need it to establish clear lines of accountability for how public money is used and outcomes achieved. The city acknowledges the need to change its governance and decision making processes across the partnership. Making Total Place work in the real world will throw up significant challenges and therefore the city's programme includes projects to develop collaborative working across Be Birmingham partners.

In this context it is important to note the IPPR/PWC research referred to earlier which concluded that it is possible to shift public perceptions about accountability, to support for a more localist approach, if devolution is well-publicised and if real powers are transferred to highly visible and accountable bodies.<sup>6</sup>



In its recent report on mayors, the New Local Government Network adopts a two handed case for this form of accountability.<sup>7</sup> On the one hand the mayoral model should be used as a vehicle to deliver a fundamental shift in powers from Whitehall to localities. On the other hand, for councils and the electorate to go through the pain of establishing new mayoral governance models, there needs to be commensurate gain in devolved powers.

The NLGN report recommends a “gold” tier of mayor with local authorities – which would, for example, unlock new powers for mayors to ensure representation on key local bodies. It also calls for a new “platinum” model of powers for city region mayors which, it argues, would “incentivise councils in appropriate areas to go down the more difficult path of pooling sovereignty and adopting a city region mayor.”

6 IPPR/PWC (2009) ‘Who’s Accountable? The Challenge of giving power away in a centralised political culture’.

7 NLGN (2010) ‘New Model Mayors’, Nick Hope and Nirmalee Wanduragala.

It is important to acknowledge, however, that previous attempts by government to prompt a constructive debate about the mayoral model within local government have not been particularly successful. It may be, however, that the context envisaged in this route-map could overcome some of the obstacles that have bedevilled this area in the past. In particular the fact that new arrangements would be put in place in return for the devolution of substantive new powers and responsibilities, in many cases at a geographical level larger than the existing councils.

What is clear, however, is that while devices such as combined authorities and joint committees may provide appropriate lines of accountability in a strict governance sense, they do not meet the “high visibility” test set by the IPPR/PWC report and which we believe is needed to ensure accountability to local people.

It will be important to establish a clear relationship between an accountable figure and existing institutions. In a city region context, for example, we envisage a figurehead having a relationship with a combined authority (of the type currently being created in Greater Manchester) analogous to the relationship between the London Mayor and the GLA.

Where a mayor, sheriff, governor or commissioner is created as part of a city region or sub-region (rather than a large council such as Birmingham or Kent), an “Office of the Mayor” (or equivalent) will need to be created to support the mayor in the discharge of her or his responsibilities. We envisage that the resources for this post would be drawn from those released as a result of the devolution of functions from the national and regional level.

## Agreed outcomes and new powers

One of the most important outcomes of the negotiations between government and a locality would be an agreed set of outcomes for the place and a package of devolved powers tailored to enable the council(s) and partners to pursue them. This element of the route-map builds on the recent experience of negotiation around the forerunner city regions.

It is envisaged that more effort is likely to be involved in negotiations with some – more complex – areas than others, and that the scope and extent of devolution will vary from place to place depending on a range of factors including capacity and ambition.

The outcomes would be agreed at a strategic level as a result of a process which captures more of the spirit of the original LPSA pilots than the bureaucracy of the LAA process. It would be possible for the negotiations and outcomes in a locality

to focus on particular policy or service areas, as, for example, has been the case with the negotiations between government and the forerunner statutory city regions.

We are recommending this approach – negotiated autonomy - in the knowledge that much has been made of local government’s need for a power of general competence. But attempts to identify obstacles which such a power could overcome have never been particularly productive. Many of our interviewees were persuaded of its symbolic value, but sceptical that it would make much practical difference. There is a danger that the power has become a totem, and that the fact it doesn’t exist is being used as an excuse for low levels of ambition. On the other hand, it is striking how much momentum has been generated in Greater Manchester as a result of the powers on skills and transport that are being negotiated through the city region process.

There is a growing consensus about the areas in which powers could usefully be devolved – typically areas where government is finding it hard to get traction and where there is a weaker imperative for national standards and a case for local flexibility and variation.

While not wishing to prescribe the limits of the negotiations, there may be merit in drawing up a menu of responsibilities from which local authorities and partners of local authorities could draw where there is demonstrable capacity and relevance to agreed local priorities. Potential items for the menu are set out in the following table.

#### Menu of Additional Responsibilities

- Devolve the functions from bodies such as the RDAs, the Environment Agency, HCA and other NDPBs to appropriate partnerships of local authorities where relevant to the delivery of agreed local priorities
- Skills funding (adults in addition to 14-19)
- Transport
- Powers of appointment at local level (PCT board, Police authority etc.)
- Neighbourhood policing budgets
- Public health
- Worklessness and long-term unemployed
- Community health services commissioning

It is anticipated that this process will produce frontrunners and much more variation in the powers of localities. This is deliberate – waiting for all councils to be ‘ready’ will stall any momentum and make the process unmanageable. Frontrunners will be able to model new roles and help ensure that the process continues to move forward.

### Single Outcome Agreements

Single Outcome Agreements are an important part of the drive by the Scottish Government to ensure that public services improve the quality of life for people across Scotland.

They are agreements between the Scottish Government and the 32 Scottish Councils and their Community Planning Partnerships. The agreements are uniquely shaped to reflect the needs and circumstances of each area and designed to ensure that local people know exactly what each CPP is committed to provide on their behalf.

Each director in the Scottish Executive is linked with two of the partnerships, enabling them to develop a close and engaged relationship with the local systems. The ambition is for all levels of government to work together to deliver better services across the whole of the country.

## An enabling central government

“We’re going to need a dialogue of equals...where government says ‘come and help us’, and works in a stimulating, problem-solving way”.

“It’s a lot about the culture and style of professionalism we want to reward... We in the centre need to be much clearer about the outcomes we need and then try to re-build a trusting relationship with local government, and break out of the “why don’t they trust us” / “why can’t they do stuff” [mindset].”

If central government is to play its part in delivering its localist future it too must change. Recent years have seen an increase in the number of Ministers with an inevitable associated flow of initiatives and national programmes. National strategies and standards have become the default response to any policy challenge. This tendency must be reversed and the devolution of powers to a local level must be

accompanied by a reduction in the size and cost of Whitehall and the regional structures that government has created.

In particular any restructuring of Whitehall should:

- Support the process of negotiation between government that lies at the heart of this route-map;
- Be built around key policy outcomes rather than service and departmental silos.

One means of achieving these objectives could be to bring together those parts of Whitehall that have responsibility for dealing with the whole range of devolved administrations, including the Scottish Parliament, the Welsh and Northern Irish Assemblies, the London Mayor and local government.

The Prime Minister's Delivery Unit should be replaced by a new unit sitting jointly in the Treasury and Cabinet Office whose job it would be to lead the negotiations between central government and localities. The process of negotiating priorities with localities will mean that the concept of national targets will become obsolete. And the focus on negotiations with sub-regions and major cities and counties means that the role and size of the Government Offices for the regions must be reviewed.

There are a number of other changes to the machinery of government which could form part of the route-map. They include:

- Pushing further with the drive begun by the current government to focus the public expenditure planning process on outcomes rather than departmental spending limits. The next comprehensive spending review should start with a zero-based assumption that service delivery will be a local responsibility unless a powerful case can be made for the central role;
- Amending the responsibilities of Accounting Officers (who are accountable to Parliament for public expenditure) to give more priority to policy outcomes rather than individual departments and agencies;
- Requiring departments to justify retaining responsibility in Whitehall for those policy areas where they do not envisage significant devolution to localities.

The outcomes of the negotiations envisaged in this route-map, including the devolution of powers and introduction of single place budgets will have major

implications for the key spending departments. Their delivery functions (including the role of Government Offices and NDPBs) should be reduced. There should be an opportunity to reduce the number of departments – and Ministers – and restructure them around broader outcomes. These changes would be reflected in Parliament too and the functioning of Select Committees as they start to focus their activity on outcomes instead of departmental silos.

## Scrutiny and regulation

To provide scrutiny and challenge and act as the ‘conscience’ for maintaining momentum on localism a Joint Committee of both Houses of Parliament should be established. This could, for example, maintain an oversight of the negotiation process and keep under review the financial relationship between government and localities. It would sit alongside a strengthened Central Local Partnership which would play an important role in maintaining an informed dialogue between central and local government, building closer relationships and allowing for constructive challenge. Over time thought should be given to the creation of new forms of political relationships between central and local government, including joint committees or the inclusion of city region mayors (or equivalent) in a reformed second chamber.

The other key change required is a significant reduction in the regulatory and inspection framework. It is clear that target driven performance frameworks are no longer delivering the changes in public service performance that are needed. A rationalisation of the audit and regulatory framework needs to sit alongside a further reduction of centrally monitored targets to those areas where there is a consensus that there should be national minimum standards and a small core of negotiated targets in exchange for additional responsibility.

## Leading and letting go locally

Local authorities must of course be at the heart of a localist future. But to play their full part in the new settlement, they need to go several steps further than they already have in terms of excellence in service delivery; leadership and representativeness in the exercise of their democratic functions; and inclusiveness in their ability to energise local partners and local people in delivering shared outcomes.

Devolution beyond the town and county hall, to local communities and communities of interest (for example carers or people with particular medical conditions) and communities of identity is a crucial element of the new settlement.

This was a strong message to come out of the research for this report – and it was a message not from local authorities critics, but from their greatest advocates.

“A seismic shift is needed – but people have to ask for it”.

There is growing evidence that engaging local people – as citizens, taxpayers and service users – contributes to the effectiveness and efficiency of local outcomes. Resources are wasted when the services on offer don't match what people need or want; are delivered in ways that don't suit their lifestyles; and don't take advantage of the scope for involving communities in their design and delivery.

Following agreement on the core outcomes and additional responsibilities, local authorities and their partners should agree how they can best engage and energise local communities to help deliver those outcomes. There should be no template for this approach to devolution beyond the town and county hall. Arrangements should be agreed locally, to match communities' needs and desires.

Many local authorities are already introducing new forms of engagement and decision-making with local people. In Wiltshire, for example, the new unitary council has established a system of local area boards, bringing together local people, local politicians and partner organisations. A formal part of the council's decision-making structures, the boards are beginning to have a real influence on council policy in areas such as youth services, libraries and transport. Over 4,000 people have been engaged in three rounds of meetings over the last 18 months.

The Tower Hamlets Partnership organises an annual 'You Decide' programme of participatory budgeting, letting local residents vote on the allocation of over £2m to local priorities. Reflecting the need to engage communities of interests as well as neighbourhoods, an additional 'You Decide' event has been organised for young people.

The consistent theme running through these kinds of engagement is the move away from consultation to joint design and decision making with local people and, increasingly, joint delivery.

There is no need for additional legislation to engage communities; the key task is to make best use of existing powers. There are a number of ways to empower local people to play a part in managing their local neighbourhoods, including tenant management, the designation of home zones and parish councils.

There is increasing interest in the scope for community control and management of assets and public spaces, such as community halls and leisure facilities. Building on these developments, a number of ideas have been put forward to give local people even greater control over local services, including the ability to establish locally managed schools.

There are many ways in which local services can empower local people simply by doing what they do more effectively and responsively. Many local partnerships are developing single points of contact, or 'one stop shops', through which local people can get information about local services and sources of advice. This kind of joined up access is particularly effective in rural areas, where people interact with different services that cut across geographic and county / district boundaries.

Simplifying communication and methods of consultation across different partners can demystify local service delivery and make it much easier for people to 'have their say' when they want and how they want.

As set out above, matching additional responsibilities to strengthened accountability is crucial if we are to move toward a model of accountability that starts with local people rather than central government.

As local partners agree how they can best deliver the agreed core outcomes for their place, they should develop enhanced local accountability arrangements. Many local authorities have taken steps to engage people in the scrutiny system, with opportunities to further strengthen their role in measuring delivery of core outcomes. Councillor calls for action are another method through which local people can work with elected members to raise particular concerns.

Just as strengthening the role of local authorities will require some capacity building support, so local people may need specific support to help them take on additional responsibilities. Many local partners already invest in some form of community development. Bringing these activities together, more clearly focused on supporting the delivery of local outcomes should increase the efficiency and effectiveness of capacity building activity.

The shape of devolution beyond the town and county hall must be determined locally; but such devolution must form part of the new settlements emerging from the negotiations which form the core of this route-map.

## Devolution Beyond the Council Chamber

Birmingham City Council is committed to devolution and decentralisation within the city. It does so in a number of ways.

In the light of the size of the city, for housing growth and regeneration purposes four “zones” have been established each of which is the responsibility of an Area Board reporting to a city-wide Housing, Infrastructure and Growth sub-board (of Be Birmingham). The four zones are:

- The city centre;
- The Eastern Corridor;
- North West Birmingham and the Western Growth Corridor;
- South West Birmingham.

A network of Constituency and Ward Committees, covering the 40 Wards and 10 Constituency areas across the City, brings decision-making and the delivery of its services closer to the people of Birmingham. Each constituency has a director and produces constituency-level community strategies and other documents, such as constituency employment and skills plans. They are an important element in the city's thinking about a new public service offer, including single service hubs.

Be Birmingham has developed an ambitious neighbourhoods programme which seeks to improve Birmingham's neighbourhoods, particularly the least affluent ones. This has led to 31 geographic neighbourhoods being identified for the delivery of intensive neighbourhood management support. Work is now underway on how neighbourhoods could provide a focus for seeking deeper engagement with citizens, including concepts such as co-production.

The Total Community theme of Birmingham's Total Place pilot is exploring the extent to which an area focus can help to achieve the City's objectives. The area is in outer East Birmingham, a previously neglected part of the city.

The three wards here have a population of about 70,000 people, characterized by relatively high levels of deprivation and service need. In many ways the area is a neglected, almost forgotten part of the city. It is a predominantly white working class area with low aspirations and inter-generational unemployment. This is in stark contrast to the inner part of East Birmingham which is predominantly Asian with intense housing pressures.

Topics being explored here include:

- Bringing a real sense of place back into these communities – a new town centre (linked potentially to up to net 350 new homes), new homes across the wider area, (four options potentially delivering between 250 – 3300 new homes to 2016), new commercial and retail development, a new high street, improved public realm and quality open spaces, an expanded railway station and bridge to connect communities, potential longer term plan for a new country park, improved connectivity to city centre and to key places of employment, business development eg. Airport, National Exhibition Centre (NEC);
- New investment in the local schools, a new Academy run by a high performing school, re-modelling of other secondary schools and making better community use of school and other facilities;
- New worklessness initiatives and models of engagement, including family –based interventions and community participation;
- Measures to ensure ultra low carbon new and refurbished homes and business premises that are adapted to meet the challenge of a changing climate;
- The development of a new public service offer for the area, including a single service hub;
- The development of innovative approaches to engaging with local communities;
- The part that digital technologies can play;
- Preparing to exploit the longer term potential benefits of the proposed HS2 high speed rail link, and the area's to the city centre, airport, and NEC.

## Efficiency in local delivery

Part of the new settlement must include a commitment on the part of councils and their partners to a major efficiency programme, covering the scope for sharing and transferring services, eliminating unnecessary activities, merging back-office functions and exploring options to move to unitary governance arrangements.

“We need to do much more strategic planning...and seriously build capacity on commissioning across the board. We need very strong accountabilities and commissioning within a very clear framework. To be honest, there is a long way to go”.

The local delivery machinery of public services requires fundamental reforms in three key areas:

- Re-focusing accountability mechanisms from upward reporting to local democratic engagement;
- Speeding up the shift in the role of local authorities from direct providers to 'market makers' and strategic commissioners;
- Creating new forms of flexible, outcome-focused partnerships of public, private and third sector providers.

Each of these changes has major implications for the role of local councils and their main 'delivery partners'.

It is crucially important that one set of silos and monopolies is not replaced with another. The objective should be a plurality of delivery mechanisms and suppliers, with ideas such as new public-private delivery consortia at a sub-regional level being explored.

To drive the delivery of negotiated core outcomes using single place budgets, strong engagement and accountability mechanisms to service users need to be in place to specify, commission and scrutinise the delivery of services.

Underpinning reforms to the delivery machinery, a firmer and more focused effort on local government capacity building and self regulation and improvement is needed. If the regulatory regime is to be relaxed then local government as a whole needs to drive improvement and to pick up on authorities that are being left behind or have lost their way.

In developing sharper and more effective services, the role of social enterprise and the private and third sectors will be crucial. This does not necessarily mean 'cutting back' the role of government, but developing innovative partnerships that draw on the expertise of different sectors.

The combination of seriously reduced spend and greater and more complex needs are already forcing some fundamental questions about what government does in future, how it will do it, and what role people will play.

The Third Sector – encompassing charities, community and voluntary organisations and social enterprises – will be an increasingly important partner and co-producer in future. The Third Sector has a number of roles in local democracy; it acts as an advocate for local people and particular groups, a partner in shaping

the vision for the area, and increasingly as a deliverer of services. Most places have agreed 'Compacts' but these are often passive documents that relate to processes.

The specific roles for the Third Sector locally should be agreed and discussed locally, but its increasing importance as a service deliverer in particular should be recognised.

There should be scope within local discussions on how to deliver the core outcomes. This could include agreement on how to better engage the Third Sector in identifying needs and the measures that may be necessary to support the Third Sector to play a stronger delivery role, including longer-term funding agreements and arrangements to address the issue of full-cost recovery.

The ways in which professional groups and frontline staff are engaged in this process will be critically important. This approach will involve shifting more responsibility and autonomy to the frontline, which will require:

- Frontline staff to develop new skills and capacity;
- More integrated approaches with a focus on the needs of individuals and communities, spanning different professional and departmental interests;
- The development of mechanisms to ensure that learning from the frontline informs strategic planning and the content of the negotiations with government.

## A first step and timetable

It is important that action is taken to implement this route-map immediately after the election. The case for urgency includes:

- The pressure to respond to the tight public expenditure position;
- The history of false starts along the road to localism: early action by a new government would be important symbolically and practically.

Very early action could include:

- A Parliamentary commitment to action along the lines set out in this report and the establishment of the proposed parliamentary committee;
- A decision by the Prime Minister to chair meetings of the Central Local Partnership, bringing together Ministers and local government's political leadership;

- Early moves to integrate financial governance locally, including, for example, giving local government ‘accounting officer’ responsibilities in relation to PCT expenditure;
- Creating the proposed new Treasury and Cabinet Office unit to lead the negotiations with localities and possibly allocating political responsibility for leading this process to a Cabinet Minister.

Given the part that a more localist future could play in managing the unprecedented reductions in public expenditure it would be important to link the implementation of our route-map with the budget and spending review.

A possible timetable could be:

|                    |   |
|--------------------|---|
| July 2010          | Policy statement and invitation to localities to participate in the further development of this policy issued in conjunction with a post-election budget.   |
| Summer/Autumn 2010 | Development of proposals, including mechanisms for negotiation, menu of powers and principles for single place budgets.   |
| November 2010      | Details of negotiation process announced in conjunction with results of comprehensive spending review which also sets financial envelope for the negotiations. Commitment made to introduce secondary and primary legislation necessary to implement the package, including city region elected mayors, governors, sheriffs or communities. |
|                    | Formal invitation to localities to participate in a first round of forerunner negotiations.   |
| Spring 2011        | Outcome of first set of negotiations announced in conjunction with budget. Programme for next tranche of negotiations announced and invitations issued.   |
| Autumn 2011        | Legislation gets royal assent.  |

# 8

## Advisors and interviewees

We are grateful to the following thinkers and practitioners for their knowledge and insights. Their input has been invaluable and has helped shape our thinking, however, the views expressed and recommendations made in the report are those of the Trust and our research partner, Shared Intelligence:

- David Albury – consultant, former Principal Advisor in the PM's Strategy Unit
- Geoff Altimes – Chief Executive, L.B. Hammersmith and Fulham
- Susan Anderson – Director, Public Services Policy, CBI
- John Atkinson – Director of Operations, Leadership Centre for Local Government
- Sir Howard Bernstein – Chief Executive of Manchester City Council
- Helen Bailey – Director, Public Services, Treasury
- David Behan – Director General Social Care, Department of Health
- Professor John Benington - Warwick Business School, University of Warwick
- Sir Michael Bichard – Director, Institute for Government
- Anthony Browne – Policy Director Regeneration, GLA
- Chris Bull – Chief Executive, Herefordshire County Council
- Steve Bundred – Chief Executive, Audit Commission
- Pamela Chesters – Mayoral Advisor on Health and Youth, City of London
- David Clark – Director General, SOLACE
- Paul Corrigan – Consultant
- Tom Coughlan – Chief Superintendent, West Midlands Police
- Lucy De Groot – Advisor
- Rt. Hon. Stephen Dorrell – MP for Charnwood and former Secretary of State for Health

- Sir John Elvidge – Permanent Secretary, Scottish Executive
- Steve Freer – Chief Executive, CIPFA
- Peter Gilroy – Chief Executive, Kent County Council
- Cllr Stephen Greenhalgh – Leader, LB Hammersmith and Fulham
- Robert Hill – Consultant, former political secretary to Tony Blair
- Cllr Steve Houghton – Leader, Barnsley MBC
- Steven Hughes – Chief Executive, Birmingham City Council
- Sue Johnson – Deputy Chief Executive, Wigan MBC
- Cllr John Jowers – Cabinet Member for Localism, Essex County Council
- James Kempton – Mouchel
- Sir Bob Kerlake – Chief Executive, HCA
- Jason Lowther – Director Policy and Delivery, Birmingham City Council
- Emma Loxton – Strategy Unit, Cabinet Office
- Irene Lucas – Director General, Local Government and Regeneration, CLG
- Sir Michael Lyons – Director General, BBC
- Mike More – Chief Executive, LB Westminster
- Jackie Mould – Director, Be Birmingham
- Steve Mycio – Deputy Chief Executive (Regeneration), Manchester City Council
- John O'Brien – Chief Executive, London Councils
- Steve Pleasant – Chief Executive, Tameside MBC
- Richard Puleston – Assistant Chief Executive for Policy, Community Planning and Regeneration, Essex County Council
- Paul Roberts – Chief Executive, IDeA
- Kim Ryley – Chief Executive, Shropshire County Council
- Cllr Jane Scott – Leader, Wiltshire County Council
- Cllr Henry Smith – West Sussex County Council
- Paul Spooner – Regional Director, HCA
- Hilary Thompson – Chief Executive, Office for Public Management
- Sara Todd – Assistant Chief Executive (Regeneration), Manchester City Council
- Sara Tomkins – Director of Communications, Manchester City Council
- Tony Travers – Director, LSE London
- Nick Walkley – Chief Executive, LB Barnet
- Nadia Zahawi – Mouchel

challenge potential  
model  
responsive government  
perspectives  
state  
creative  
complex  
giants  
nature  
innovation

Supported by:

**mouchel** 

**2020 Public Services Trust**  
*at the* **RSA**

2020 Public Services Trust, RSA, 8 John Adam Street, London, WC2N 6EZ  
telephone: 020 7451 6962 | charity no: 1124095 | [www.2020pst.org](http://www.2020pst.org)